

SEATTLE CITY COUNCIL

FINDINGS, CONCLUSION AND DECISION

SEATTLE CHILDREN'S HOSPITAL MAJOR INSTITUTION MASTER PLAN

APRIL 5, 2010

Introduction

This matter involves the petition of Seattle Children's Hospital (Children's) to establish a new Major Institution Master Plan ("MIMP") for its main campus located at 4800 Sand Point Way Northeast in Northeast Seattle (Clerk's File 308884). The proposed MIMP includes the approval of a twenty year physical development plan in four phases, a new Transportation Management Plan regulating commuting and parking, development standards governing new construction, an increase in the amount of allowed parking provided at the campus, and a rezone to expand the existing boundaries of the Major Institution Overlay (MIO) District and increase the permitted height of buildings within the MIO. Finally, the MIMP proposes the vacation of two streets – 41st Avenue Northeast and Northeast 46th Street – that would be considered by the City Council under a different process and potentially approved by the Council by another ordinance.

The rezone would extend the MIO boundaries from 21.7 acres to 28.4 acres as a result of the acquisition of Laurelon Terrace Condominiums (Laurelon), a 6.7 acre, 136 unit condominiums immediately to the west of the existing MIO. The MIO expansion would also change the zoning within Laurelon from Lowrise 3 (L3) to a combination of height limits that include MIO 37 feet, MIO 50 feet, MIO 90 feet and MIO 160 feet (conditioned to 125 feet and 140 feet, respectively). MIO Heights on the existing campus are 37, 50, 70 feet (with part conditioned to 54.5 feet), and 90 feet (with part conditioned to 74) feet. The MIMP as reflected in the Settlement Agreement¹ proposes heights of 37 feet, 50 feet, 65 feet, 70 feet, 90 feet, and 160 feet (conditioned to 125 feet and 140 feet, respectively).

Children's previous MIMP, adopted in September 1994 by the City Council through Ordinance 117319, authorized development of up to 900,000 square feet for the MIO. The MIMP indicates that the campus currently has approximately 846,000 square feet of development and, as such, a new MIMP is required for additional growth in the MIO.

In March 2007, Children's began the process of establishing a new MIMP. In August 2007 a Citizens Advisory Committee (CAC) began its review of the proposed MIMP. In January 2009, the Department of Planning and Development (DPD) issued its Analysis, Recommendation and Determination of the DPD Director, recommending that the MIMP be approved subject to conditions. In February 2009, the CAC issued its Final Report and Recommendation, recommending that the MIMP be approved subject to conditions.

¹ The "Settlement Agreement" refers to a proposal to revise the MIMP as it was originally proposed, to reflect an agreement between Children's Hospital and the Laurelhurst Community Club.

Appeals were filed to the Seattle Hearing Examiner of DPD’s decision that the final Environmental Impact Statement (FEIS) was adequate.

In March 2009, the Hearing Examiner held a hearing on the appeal of the FEIS. On April 20, 2009, the Hearing Examiner issued a decision that the FEIS was inadequate because it failed to adequately discuss potential environmental impacts of the proposed development on housing and land use. A revised FEIS was published by DPD in May 2009, and the adequacy of the revised FEIS was also appealed to the Hearing Examiner. In July 2009, the Hearing Examiner held a hearing on the adequacy of the Revised FEIS. On August 11, 2009 the Hearing Examiner issued a decision that the Revised FEIS was adequate. On August 11, 2009 the Hearing Examiner also published a recommendation that the Council deny the proposed MIMP or, if the Council were to approve the MIMP, to attach 43 conditions to its approval. Eleven appeals of the Hearing Examiner’s recommendation were filed with the Council. The names and addresses of all eleven appellants are listed on the last page of this document.

The City Council's Planning Land Use and Neighborhood Committee (PLUNC) began consideration of the proposed MIMP at a meeting on November 18, 2009. The Council’s Committee on the Built Environment (COBE), the successor to the UDP, considered the matter on January 13 and 20, 2010. Oral argument by appellants was presented to the COBE on February 10, 2010. On February 10, 2010 a Settlement Agreement was also submitted to the Council. The nine appellants who presented claims on the extent of physical development under the MIMP withdrew their appeals in support of the Settlement Agreement. A remaining appeal by the Seattle Displacement Coalition and Interfaith Taskforce on Homelessness (SDC/ITH) on the application of Seattle Municipal Code (SMC 23.34.124.B.7), the housing replacement ordinance, remained. Oral argument was presented on this issue. Subsequent COBE meetings were held on February 24, 2010, March 8, 2010 and then March 11, 2010.

Findings of Fact

Background

1. Children's is an academic medical center that provides highly specialized pediatric and adolescent health care services to children throughout the Northwest through integrated diagnostic and therapeutic services provided by specialists in multiple disciplines.
2. Children's "bed mix" includes separate neonatal, pediatric, and cardiac intensive care units; an inpatient psychiatric unit; a rehabilitation and complex care unit; a Seattle Cancer Care Alliance unit; a surgical unit; and a medical unit.
3. Children's population includes patients (from premature newborns to 21 years of age); hospital employees; physicians, students and residents; and visitors.

Site and Vicinity

4. Children's Laurelhurst campus within the existing Major Institution Overlay (MIO) is located on approximately 21.7 acres at 4800 Sand Point Way Northeast in northeast Seattle. Neither the Laurelhurst neighborhood nor Children’s campus are located in an “urban center” or “urban village”, as designated in the City’s Comprehensive Plan. The closest urban center or village is the Ravenna portion of the University Community Urban Center located approximately one-half mile away.

5. The existing Children's MIO includes downhill slopes from east to west and from north to south. The MIO is currently bounded on the northwest by Sand Point Way Northeast; on the north by Northeast 50th Street; on the east by 44th Avenue Northeast (from Northeast 50th Street to Northeast 47th Street) and by 45th Avenue Northeast (from Northeast 47th Street to Northeast 45th Street); on the south by Northeast 45th Street; and on the west by a shared property line with Laurelon.

6. The underlying zoning in the existing Children's MIO is Single-family 5000 (SF5000). The neighborhood outside of the existing MIO to the east and south is also zoned SF 5000, with a 30 foot height limit, and is developed with single-family residences. The area to north of the existing MIO is zoned Lowrise Duplex/Triplex, with a 25-foot height limit, and is developed with low density multifamily residences. The area to the northwest of the existing MIO is zoned Lowrise 3 (L3) with a 30-foot height limit and is also developed with low density multifamily residences. The area to the west of the existing MIO is also zoned L3, and is developed with the Laurelon Terrace Condominiums (Laurelon), a 6.7 -acre, two- and three-story garden-style community built in the 1940s. To the west and southwest of Laurelon is L3-zoned property developed with low density multifamily residences, and then a strip of property along Sand Point Way that is zoned Neighborhood Commercial 2 with a 30-foot height limit (NC2-30) and developed with the Springbrook professional buildings and a bank. L3 zoning and development continues to the north of the existing MIO across Sand Point Way and includes the nonconforming one-story medical office use in the Hartmann Building. To the southwest of the Hartmann site is Neighborhood Commercial 2 zoning with a 40 foot height limit (NC2-40) developed with a nonconforming 100-foot-high condominium building. Further to the west from that NC2-40 zone is the Burke-Gilman Trail, and then the Bryant neighborhood with SF5000 zoning and development. *See Exhibit 4 (Final Master Plan) at 63, Figure 45².*

7. Retail and commercial businesses, including University Village, QFC and Safeway, the Virginia Mason Pediatric Clinic, the Springbrook buildings, and smaller specialty businesses, are located primarily to the southwest of Children's. Several institutions are also located nearby, including Children's 70th and Sand Point Way facility, the Talaris Research and Conference Center at Northeast 41st Street, Laurelhurst Elementary School and Villa Academy to the east, and the University of Washington less than one mile to the southwest.

Current Major Institution Overlay

² Exhibits refer to exhibits in the Hearing Examiner’s record.

8. Children's Laurelhurst campus is located within an existing MIO under a MIMP approved in 1994. Existing facilities include a hospital with 250 beds (230 of which are acute care) in 200 patient rooms, a clinic, and clinical research, office and laboratory space, for a total permitted building area within the MIO of 900,000 square feet. In addition, Children's maintains an existing clinic and office at the Hartmann Building on the west side of Sand Point Way Northeast. Children's owns the 1.7 acre Hartmann site and the 16,228 square foot Hartmann Building. Children's has a partnership interest in the Springbrook buildings at Northeast 45th Street and Sand Point Way Northeast and leases 6,700 square feet in those buildings. Both Hartmann and Springbrook are located outside, but within 2,500 feet of the existing MIO. Children's also owns nine single-family residences located across from its east and south boundaries that it purchased in 2007 and 2008. Exhibit 22, Attachment G.

9. Primary access to Children's is via the Northeast 45th Street corridor (Sand Point Way Northeast and Northeast 45th Street to Interstate 5), or via the Montlake Boulevard corridor (Sand Point Way Northeast and Montlake Boulevard Northeast to SR 520). Approximately 50% of Children's employees travel one of these corridors to reach Children's. The campus itself is accessed via Penny Drive from Sand Point Way Northeast. Three King County Metro bus stops are located on or adjacent to the campus.

10. Children's provides a total of 2,182 parking stalls, including 80 surface stalls at the Hartmann Building and 640 off-campus leased stalls.

11. Current MIO height districts are 37 feet north of Penny Drive, and 37, 50, 70 and 90 feet south of Penny Drive. Part of the 90-foot height district is conditioned to 74 feet plus mechanical, and part of the 70-foot height district is conditioned to 64 feet. Setbacks are approximately 20 feet on the north, 40 feet on the west and a portion of the east, and 75 feet on the south and a portion of the east. Many of the existing setbacks are heavily landscaped to screen the campus from the surrounding neighborhood.

12. As documented in the MIMP Children's has completed approximately 846,000 square feet of the development approved in its existing MIMP, with approximately 54,000 square feet remaining.

13. Children's has relocated its research facilities away from the hospital campus and established pediatric specialty care at regional clinics in Alaska, Montana and many cities within Washington. It is also working with community providers to increase the availability of pediatric specialty care services within the area.

Master Plan Process

14. The MIMP process began in the spring of 2007, when Children's submitted a notice of intent to prepare a new MIMP. The Citizens Advisory Committee (CAC) was formed and first met in July of 2007. The Draft MIMP was submitted and a draft EIS was issued on June 9, 2008. Exhibits 3 and 5. Public review during development of the draft MIMP and draft EIS included public meetings of the CAC, which included time for public comment; a public scoping meeting; two public comment periods; and a public hearing. The Final MIMP and FEIS were issued on November 10, 2008. Exhibits 4 and 6. The Director's Report and Recommendation was issued on January 20, 2009. Exhibit 9.

15. The CAC, staffed by the Department of Neighborhoods, held 26 public meetings over a period of 18 months. They received 248 public comments, and reviewed and commented on draft MIMP and SEPA documents. The CAC was instrumental in achieving many changes to the MIMP that would reduce the proposed MIMP’s impact on the surrounding neighborhood. The CAC's Final Report and Recommendation, and six Minority Reports from 13 CAC members, were issued on February 3, 2009. Exhibit 8.

Public Comment

16. The Director received approximately 600 written comments on the MIMP and EIS, and heard from 66 people at the Director's 2008 public hearing. The Examiner received 153 public comments, and heard testimony from 65 members of the public at the Examiner's two public hearings.

Hearing Examiner Recommendation

17. On August 11, 2009 the Hearing Examiner recommended that the proposed MIMP be denied. Balancing the potential adverse impacts to the neighborhood against Children’s asserted expansion needs, the Examiner concluded that without considering a less expansive development proposal, the potential impacts to the neighborhood outweighed Children’s needs. The Examiner also concluded that the proposal was inconsistent with the “urban village strategy” contained in the City’s Comprehensive Plan.

18. The Hearing Examiner recognized that the City Council could strike a different balance than that struck by the Examiner, and decide to approve the proposed MIMP. Accordingly she recommended that if the Council decided to approve the MIMP, the Council consider adopting a number of conditions for such approval.

Appeals and Settlement Agreement

19. Eleven parties appealed the Hearing Examiner’s recommendation to the Council. Approximately half supported approval of the MIMP and half opposed approval.

20. On February 10, 2010, Children’s and parties supporting approval of the MIMP, and the Laurelhurst Community Club (LCC) and parties opposing approval of the MIMP, with the exception of two housing advocacy appellants, told the Council that they had concluded a Settlement Agreement that would reduce the scope of Children’s proposed development under the MIMP. Those parties agreed that the proposed MIMP, as amended and limited by the terms of the Settlement Agreement, achieved a proper balance “between the need for Children’s to expand and the livability of the adjacent neighborhoods.”

21. In light of the Settlement Agreement, the following descriptions of the proposed MIMP describe the proposed MIMP as revised, in part, by the Settlement Agreement.

Proposed Master Plan

22. Children's has applied for a new MIMP to establish development potential through the year 2030. The MIMP would remain in place until Children's constructs the allowed developable square footage. The objectives of Children's proposed MIMP are stated in the Final MIMP, Exhibit 4 at Pages 12-15, and are summarized in the Director's Report, Exhibit 9 at 9.

23. Children's Final MIMP includes the three required components under SMC 23.69.030: (1) a development program; (2) development standards; and (3) a transportation management program.

24. Details of Children's proposed development program are found at pages 17-73 of the proposed MIMP, Exhibit 4.

25. Children's explored seven alternatives that would have achieved its original objective of obtaining a total of 2,400,000 square feet of development area. The alternatives are described in detail in Exhibit 6 at 2-7 to 2-33, and in Exhibit 4 at 20-23. As a result of the Settlement Agreement, that amount has been reduced to 2,125,000 square feet.

26. Children's selected Alternative 7R as its preferred alternative. It originally sought to expand the MIO boundary to include both Laurelon and the existing Hartmann site across Sand Point Way Northeast. As a result of the Settlement Agreement, Children’s has withdrawn its proposal to include Hartmann within the MIO. Children's has purchased 101 of the Laurelon units and holds an option to purchase the entire 136-unit complex.

27. Laurelon, along with portions of certain existing campus buildings would be demolished, and development under the proposed MIMP would occur in four phases. The timing for the phases remains an estimate. Phase 1 is designated "planned development;" Phases 2, 3 and 4 are designated "potential development". See Exhibit 4 at 66-68; Exhibit 6 at 2-22 to 2-30.

28. Phase 1 would expand total building area up to approximately 1,492,000 square feet. Phase 1 is expected to occur between 2010 and 2012, and would include:

- Demolition and removal of Laurelon
- Construction of a new Emergency Department (93,527 square feet)
- Construction of Bed Units 1 and 2 (258,800 square feet)
- Construction of diagnostic and treatment facilities (176,343 square feet)
- Construction of mechanical facilities (49,400 square feet)
- Construction of a mechanical penthouse (14,000 square feet)

29. Phase 2 would expand total building area up to approximately 1,604,000 square feet, (including replacement of 65,000 square feet of existing space to be demolished) and is expected to occur from the fourth quarter of 2013 to the fourth quarter of 2016. It would include:

- Construction of a 1,100 stall, below grade garage for staff at the south end of the Laurelon (Southwest garage)
- Construction of additional diagnostic, treatment, and ancillary, mechanical and general plant facilities
- Demolition at existing portions of the campus at D and F wing

30. Phase 3 is expected to occur in two sub-phases and would expand total building area up to approximately 2,060,000 square feet (including replacement of 136,000 square feet to be demolished): Sub-phase 3A from the second quarter of 2017 to the fourth quarter of 2019; and Sub-phase 3B from the first quarter of 2022 to the fourth quarter of 2024. Phase 3 would include:

- Construction of Bed Units 3 and 4
- Construction of diagnostic, treatment, and ancillary, mechanical and general plant facilities
- Demolition of existing portions of the campus at Train 3B

31. Phase 4 would expand total building area up to approximately 2,125,000 square feet and is expected to occur from the fourth-quarter of 2025 to the fourth-quarter of 2027. It would include:

- Demolition of the Giraffe Garage on the northwest portion of the campus
- Construction of a new North Garage, offices, and ancillary, mechanical and general plant facilities on the north part of the property

32. The net increase in building area over the life of the MIMP would be 1,225,000 square feet, with a total building area for the completed campus of approximately 2,125,000 square feet, 136% larger than Children’s existing facilities. The net increase in beds would range from 250 to 350, for a total bed count ranging from 500 to 600 beds.

33. Development under the proposed MIMP would require vacation of streets within Laurelon, specifically 41st Avenue Northeast and Northeast 46th Street between Sand Point Way Northeast and 40th Avenue Northeast. While the MIMP assumes the vacation of these streets, the review of the proposed street vacations requires a separate legislative action.

Major Areas of Concern

Need and Public Benefit

34. SMC 23.69.002 states that the purpose and intent of the Major Institution Code is to:

A. Permit appropriate institutional growth within boundaries while minimizing the adverse impacts associated with development and geographic expansion;

B. Balance the Major Institution's ability to change and the public benefit derived from change with the need to protect the livability and vitality of adjacent neighborhoods;

C. Encourage the concentration of Major Institution development on existing campuses, or alternatively, the decentralization of such uses to locations more than two thousand five hundred (2,500) feet from campus boundaries;

....

E. Discourage the expansion of established major institution boundaries;

....

H. Accommodate the changing needs of major institutions, provide flexibility for development and encourage a high quality environment through modifications of use restrictions and parking requirements of the underlying zoning;

I. Make the need for appropriate transition primary considerations in determining setbacks. Also setbacks may be appropriate to achieve proper scale, building modulation, or view corridor;

....

35. SMC 23.69.025 states that the intent of a MIMP is to "balance the needs of the Major Institutions to develop facilities for the provision of health care or educational services with the need to minimize the impact of Major Institution development on surrounding neighborhoods."

36. The Director of DPD concluded that Children's has shown a credible need for the requested expansion, and no appellants now dispute that conclusion.

37. Children's states its mission as preventing, treating and eliminating pediatric disease, and providing access to quality pediatric health care regardless of a family's ability to pay. Children's proposed MIMP is intended to allow Children's to fulfill its mission in a manner consistent with its 2006 strategic plan.

38. Children's cites a recent national study of freestanding pediatric hospitals that estimated an annual growth rate of 3.1 percent in inpatient demand for pediatric services through 2010 due to increased severity of pediatric illnesses; increases in prematurity and low birth weight; increased prevalence of chronic conditions; growing prevalence of obesity; more patients surviving childhood diseases and utilizing healthcare services longer; and a need for single bed rooms to control the potential spread of infection.

39. Children's states that a report on its own experience reflects the reported national trends. In 2007 and 2008, it experienced average "midnight occupancy levels" above the targets recommended by the Washington State Department of Health. It has identified a need to improve and expand its facilities to respond to increasingly complex patients who require additional staff, specialists, technology, and equipment and storage space that often varies by patient size, as well as space for additional visitors. *See Exhibit 26, Slide 3.* Children's reports that its current inpatient occupancy rates exceed the national standard of care for pediatric hospitals.

40. Children's has projected the following total unmet bed need, in single-bed rooms, for specialized pediatric care, including psychiatric care, within the State of Washington: 2012 - 336 beds; 2017 - 408 beds; 2019 - 460 beds; 2024 - 600 beds.

41. Children's indicates that it will decide how much of the projected need to accept when it applies for a Certificate of Need.

42. To calculate the total square footage required to accommodate total state need, Children's multiplied the maximum projected bed need by 4,000 square feet, which includes 300 square feet required for bed space plus the amount said to be required to support each pediatric bed (i.e., the "per bed share" of family space, operating rooms, diagnostic and therapeutic spaces, offices, central plant space, etc.). *See Exhibit 26, slide 6.* The total bed need of 600 times 4,000 square feet equals 2,400,000 square feet. These assumptions were not modified under the Settlement Agreement.

43. Children's growth projections show that under Phases 3 and 4 of the proposed MIMP, available space would somewhat exceed total projected need. *Exhibit 26, slide 3.*

44. Children's most recent Certificate of Need from the state was issued in 2001. The state's planning horizon for a hospital's request for a certificate of need is generally seven years. Thus, Children's anticipates that it would need to submit applications for at least three certificates of need during the lifetime of the proposed MIMP.

45. Public comment uniformly supported the mission of Children's and applauded its work in the region. However some members of the public questioned the need for Children's to nearly triple the square footage of its existing facilities within the MIO.

46. Children's originally did not evaluate any alternatives that included less than 2,400,000 square feet of development area. Instead, the alternatives considered different ways to configure the same amount of development space on the existing campus and Hartmann site, and later, on an expanded campus that included both Laurelon and Hartmann sites. Now, Children's proposes to exclude the Hartmann site from the MIO and to limit the development area to 2,125,000 square feet.

47. The CAC gave considerable attention to the issue of need. Comments to the CAC were provided by individuals and groups both in support and against Children's projections concerning the rationale for a certificate of need. *See* Exhibits 51-63, 65 and 66, and Exhibits 73-78 and 108. *See also*, Exhibit 22 at 2-8.

48. In response to the CAC's continuing concerns about the discrepancies between Children's and LCC's need projections, Children's offered assurance that it had no intention to build beyond its actual needs.

49. Aside from the impacts of a significantly expanded medical center, some neighbors expressed concern that facilities not be constructed for general research or other uses not directly supporting Children's pediatric medical care.

50. The CAC determined to accept Children's projections of need with the understanding that the issue would be thoroughly vetted during the state certificate of need process. However, the CAC recommended "in the strongest terms" that the decision on the MIMP include both conditions on phasing the project in relationship to need and conditions restricting use of the constructed facilities. Exhibit 8 at 17-19.

Boundary Expansions

51. Children's originally proposed to meet projected need primarily within existing MIO boundaries. This required raising heights limits up to 240 feet and expanding the boundary to include up to 105-foot heights on the Hartmann site. The community made it clear that such heights were unacceptable.

52. Children's revised its proposed MIMP to include early expansion onto Laurelon (Alternative 7R), thereby enabling it to construct new facilities without disrupting existing hospital operations. The change also allowed Children's to eliminate height increases on the existing campus, reduce the overall height of all new development to less than 160 feet, reduce the overall height of new facilities to an elevation similar to the highest building elevation on the existing campus, place increased height and bulk at a lower elevation where it is removed from most single-family neighborhoods to the east and south and multifamily development to the north, and provide vehicle access via 40th Avenue Northeast (a neighborhood access street), to Sand Point Way Northeast, an

arterial. This eliminated the need for entrances on Northeast 45th Street and Northeast 50th Street (also neighborhood access streets).

53. Both the CAC and the Director recommended that the MIO boundary be expanded to incorporate Laurelon.

Intensity

54. Lot coverage on the existing campus is 35%, and would increase to 51% under the proposed MIMP. However, institutions in the underlying Lowrise zone are not regulated by lot coverage but by structure width and depth limits.

55. The proposed MIMP, following the Settlement Agreement, requests 2,125,000 gross square feet. “Gross floor area” is “the number of square feet of total floor area bounded by the inside surface of the exterior wall of the structure as measured at the floorline.” SMC 23.84A.014.

56. “Floor area ratio” (FAR) is “a ratio expressing the relationship between the amount of gross floor area or chargeable floor area permitted in one or more structures and the area of the lot on which the structure is, or structures are, located, as depicted in Exhibit 23.84A.012A.” SMC 23.84A.012.

57. Children’s received a DPD Director’s interpretation on FAR which stated that since the Code does not prescribe the FAR, or any exclusion from it, for a MIMP, both may be defined by the decision on the MIMP.

58. The proposed MIMP originally requested an increase in intensity of development, expressed as FAR, from .9 on the main campus and .2 at Hartmann, to 1.9 across the entire MIO including Hartmann. While the Settlement Agreement removed Hartmann from the MIO, no adjustment was proposed to modify the 1.9 FAR.

59. The record documents review by DPD, the CAC and the Hearing Examiner concerning the amount of FAR being requested under the MIMP, including the methods by which FAR should be calculated and what features (parking structures, rooftop mechanical equipment, etc) should be included in the calculations.

60. The Settlement Agreement reflects that the FAR for the campus should be 1.9. FAR is defined in the settlement agreement as “the square footage of above-grade gross developable floor area plus the square footage of above-grade parking floor area, divided by the combined square footage of land in the New MIO Boundary (The current MIO campus plus Laurelon):

$$\frac{\text{Above-grade gross developable floor area (gsf)} + \text{Above grade parking floor area (gsf)}}{\text{SF of current MIO campus} + \text{SF of Laurelon}}$$

Rooftop mechanical equipment is not included in floor area ratio calculations”.

Development Standards and Transitions

62. Details of the proposed development standards for the MIMP are found at pages 75-87 of the proposed MIMP, Exhibit 4, and are summarized at pages 88-91. The development standards would modify or supersede most underlying zoning standards.

Height

63. MIO Heights on the existing campus are 37, 50, 70 (with part conditioned to 64), and 90 (with part conditioned to 74) feet. The MIMP as modified by the Settlement Agreement proposes heights of 37 feet, 50 feet, 65 feet, 70 feet, 90 feet, and 160 feet (conditioned to 125 feet and 140 feet, respectively).

64. DPD, the CAC and the Hearing Examiner heard comments on the original proposed 160 foot height limit within the Laurelon expansion area. Concerns expressed by some individuals included a feeling of towers looming over the streetscapes and the multifamily development across 40th Avenue Northeast, and the opinion that a 160 foot height limit is too high for an area outside an urban village. There was some public comment, including by members of the CAC, calling for reducing the 160 foot MIO height to 105 feet, the current MIO height limit at some major institutions located outside an urban village. However, the record, including comments from the CAC, clearly states that the proposed 160 foot height limit should be conditioned to 140 feet and 125 feet, respectively.

65. The CAC recommended modifications to the heights shown in the proposed MIMP. These included adding a MIO 50 height district along the west side of the main hospital campus along 40th Avenue Northeast, reducing the MIO 160 district to MIO 140 and MIO 125, placing limits on the number of floors above the podiums for the bed towers, limiting and screening rooftop mechanical equipment, and establishing a MIO 65 for the Hartmann site. *See Exhibit 93*³.

66. SMC 23.86.006 currently provides that heights are to be measured from existing or finished grade, whichever is lower.

Setbacks

67. Under the proposed MIMP, setbacks on the western one-third of the north boundary would increase from 20 feet to 40 feet and on the eastern two-thirds of the north boundary, from 20 feet to 75 feet. Setbacks on the south boundary of the existing campus would remain at 75 feet. On the south boundary of Laurelon, the setback would be 40 feet. On the east, the setback along 45th Avenue Northeast would increase from 40 feet to 75 feet; along 44th Avenue Northeast and Northeast 47th Street, they would remain at 75 feet. Setbacks on the west boundary along 40th Avenue Northeast would be 20 feet.

³ The measurements for the MIO 160/140 and MIO 160/125 districts stated in CAC Recommendation 7, at pages 12 and 25 of Exhibit 8, are incorrect. The correct measurements are stated in the motion that adopted Recommendation 7, which is found at page 212 of Exhibit 8. These measurements are reflected in Exhibit 93.

On the west boundary along Sand Point Way Northeast setbacks would be 10 feet from 40th Avenue Northeast to Penny Drive, and 40 feet from Penny Drive to Northeast 50th Street. In their Settlement Agreement, Children’s agreed to increase the setback along Northeast 45th Street to a minimum 75 foot setback along the entire Northeast 45th Street frontage.

Landscaping and Open Space

68. Children's existing campus includes extensively landscaped edges and open space. Children's proposes similar "garden-edge" landscaping within the proposed north, south and east setbacks. On the west, along 40th Avenue Northeast and Sand Point Way Northeast, Children's proposes to landscape the street frontage edges. Extensive landscaping is currently located within Laurelon.

69. Open space on the main campus is proposed to decrease from 45% to 41% of lot area. Some open spaces will continue to be available for community use, and Children's proposes streetscape and pedestrian amenity improvements around and across the campus, including pathways, lighting and plantings.

70. The CAC was concerned that open space is maintained and accessible. It recommended that designated open space be provided in locations at ground level or other spaces accessible to the general public, and that no more than 20% of the designated open space be provided in rooftop locations. Children's has agreed to the recommended condition.

71. Councilmembers expressed a desire that mature, existing vegetation at Laurelon be maintained and preserved, if feasible, following redevelopment within the Laurelon expansion area.

Design

72. A design review process would address the design of new buildings. Children's anticipates that building façades would be composed of materials that aesthetically blend with the existing campus buildings, such as a “precast/ceramic wall cladding system or glazed aluminum curtain wall system”. FEIS at 3.9-3.

Transitions

73. Transitions in height, bulk and scale are proposed to be addressed through the pattern of MIO district heights, setbacks, upper-level setbacks, landscaping and design elements.

74. The FEIS stated that the proposed MIMP would have some height, bulk and scale impacts when viewed from Sand Point Way Northeast, and on existing residential areas to the south and west. For the no-build scenario, Alternative 1, and the preferred alternative, Alternative 7R, Viewpoint 13 shows these impacts using a wide angle perspective from a location south of the single-family residences across from the south boundary of Laurelon, and south and west of the multifamily residences across 40th Avenue Northeast from Laurelon. FEIS, Appendix C. Viewpoint 8 also shows these impacts from a location west of the multifamily residences on 40th Avenue Northeast.

75. The Director advised, with respect to the original proposed MIMP, that the combination of the approximately 55-foot wide Northeast 45th Street right-of-way, 40-foot landscaped setback, and MIO 50 height district in which a 4- to 5-story garage will be constructed would create a sufficient transition between the row of one- and two-story single-family residences south of Laurelon and the proposed 125- and 140-foot towers to be constructed on that site. As part of the Settlement Agreement, Children’s has agreed to change the MIO height district along Northeast 45th Street to be a MIO 37 foot zone for a continuous 75 foot depth along Northeast 45th Street. This corresponds with Children’s agreement to establish a 75 foot continuous setback along Northeast 45th Street.

76. With respect to transitions on the west, the Director recommended that the MIMP include upper level setbacks along the western edge of campus, requiring that above 50 feet in height, the buildings step back at least 40 feet from the western property line. The Director also recommended that any proposed structure higher than 37 feet and located adjacent to a street edge is reviewed by a standing advisory committee pursuant to design guidelines that will be established.

Transportation, Access and Parking

77. Transportation-related impacts are addressed in section 3.10 and Appendix D of the FEIS. They are also examined in the Director's Report at 70-73 and in the Examiner’s decision in MUP-08-035(W).

Transportation

78. Children's has proposed a transportation management program (TMP) that includes the information required by SMC 23.69.030 and SMC 23.54.016. Details of the TMP are found at pages 93-108 of the proposed MIMP, Exhibit 4, as well as in Exhibit 6, the FEIS, at Appendix D, Attachment T-9.

79. Children's existing TMP has reduced single occupant vehicle (SOV) commute trips to 38% of daytime employees. The proposed TMP includes enhancements to reduce that number to 30%, in increments of approximately 2% with each phase of development.

80. Proposed enhancements to Children's TMP include an expanded shuttle service linking the Children's campus to regional transit hubs, an extensive bicycle commute program, financial rewards for employees who commute by means other than SOV, various improvements to encourage alternative transportation, and improvements to Children's off-site parking program.

81. The CAC supported the enhanced TMP and recommended an additional provision restricting vehicle entrances on Northeast 45th and 50th Streets to service and emergency access only for the life of the MIMP. In addition, Children's will work with the standing advisory committee to develop additional pedestrian and bicycle-only perimeter access points and designated pedestrian and bicycle routes through the campus to allow efficient connection to the Burke Gilman Trail.

82. The FEIS projects that the MIMP will result in 8,400 new daily vehicle trips without mitigation measures, and 6,800 daily trips with the TMP. That equates to 850 new AM peak hour trips and 690 new PM peak hour trips without the TMP, and 540 new AM peak hour trips and 440 new PM peak hour trips with the TMP.

83. Level of service (LOS) is a measure of average delay at intersections and ranges from LOS A (free-flowing, minimal delay) to LOS F (extreme congestion, long delays). As a general rule, the City considers LOS D (using a weighted average of delays for all approaches) or better acceptable at the signalized intersections.

84. Most intersections in the vicinity of Children's are operating at LOS D or better and are expected to continue to do so in the "No Build" scenario. Notable exceptions are the "Five Corners" intersection (Northeast 45th Street/Union Bay Place Northeast), which presently operates at LOS E and is expected to deteriorate to LOS F with or without Children's expansion (FEIS, Page 3.10-17), and the Montlake Boulevard Northeast/Eastbound SR-520 ramps, which presently operates at LOS E and is expected to continue at that level.

85. Traffic times were calculated across two main corridors – Sand Point Way Northeast to the Montlake Bridge and Northeast 45th Street to Interstate 5 (I-5). The changes in travel times from 'no build' to full build out of the MIMP, with an enhanced TMP include:

- Children's to Roanoke Exit via Sand Point Way Northeast/Montlake Northbound – 0 minutes;
- Children's to Roanoke Exit via Sand Point Way Northeast/Montlake Southbound – 1 minute;
- Children's to I-5 via Sand Point Way Northeast/Northeast 45th Street Westbound – 1 minute; and
- Children's to I-5 via Sand Point Way Northeast /Northeast 45th Street Eastbound – 2 minutes.

Exhibit 6 at 3.10-14 to 3.10-23.

86. Some residents of the area expressed concern about congested traffic conditions in the area and questioned whether the traffic models used to predict intersection LOS at build out of the MIMP accounted for "pipeline projects" in the projection for background traffic. In addition to anticipated development at Children's, master use permit applications have been submitted for expansion of the Talaris Research and Conference Center at Northeast 41st Street and expansion of University Village shopping center. Other potential projects, such as redevelopment of the University Village QFC, are anticipated.

87. The FEIS shows that background traffic growth totaling 710 PM peak hour trips is projected at the Five Corners intersection and 450 trips at the intersection of Montlake Boulevard and Northeast 45th Street. At the hearing on the FEIS, the Director testified that together, the Talaris and University Village expansions are expected to generate 186 PM peak hour trips at Five Corners, and 193 PM peak trips at Montlake Boulevard/Northeast 45th Street of this growth.

88. The Director did not consider the transportation impacts of the state's project to improve SR 520 because funding for the project had not been approved when the FEIS and Director's Report were prepared. It is now known that the state's schedule for construction on the west side of the SR 520 project will coincide with the projected timeline for build out of the first two phases of Children's proposed MIMP. Exhibit R-10.

89. Approximately 10 percent of Children's employees commute by transit, and 12 percent drive or carpool to one of three off-site parking lots and commute via the shuttle service Children's provides between campus and the lots. Children's proposes under the preferred alternative to relocate shuttle and transit stops to Sand Point Way Northeast at 40th Avenue Northeast to provide more direct access to Children's.

90. Approximately 11% of Children's employees either walk or bike to work. To encourage increased utilization of non-motorized modes of travel, Children's proposes to construct new sidewalks along portions of Sand Point Way Northeast, develop new pedestrian and bicycle facilities for the MIO, and contribute to funds for improvements to pedestrian and bicycle facilities.

Access

91. Access to Children's under the preferred alternative will continue from Penny Drive via Sand Point Way Northeast. In addition, Children's proposes to add both an emergency entrance and a general parking entrance from 40th Avenue Northeast, a residential access street. 40th Avenue Northeast would also serve as a secondary service access. A traffic signal and crosswalk, with emergency vehicle preemption, will be added at the intersection of 40th Avenue Northeast and Sand Point Way Northeast.

92. Some Laurelhurst residents have expressed concern about potential congestion at the 40th Avenue Northeast access points. The street provides the major connection between the Laurelhurst community and northbound Sand Point Way Northeast, and emergency vehicles access Laurelhurst via 40th Avenue Northeast to Northeast 45th Street.

93. The transportation analysis determined that the two 40th Avenue Northeast access points would operate at LOS C or better at build out.

94. The FEIS recommends that a left turn lane be constructed on eastbound Northeast 45th Street at 40th Avenue Northeast to facilitate access to the proposed southwest garage from Northeast 45th Street.

95. The CAC recommended that Children's limit access from 40th Avenue Northeast to one point for either parking or emergency access, but not both, and instead, construct a second new access from Sand Point Way Northeast. The CAC also recommended that if the 40th Avenue Northeast entrance is used for parking, it should be designed so that vehicles entering and exiting the garage avoid travel on Northeast 45th Street east of Sand Point Way Northeast by traveling only on the portion of 40th Avenue Northeast between the access point and Sand Point Way Northeast.

96. DPD’s consulting transportation engineer evaluated the possibility of adding a second access on Sand Point Way between the traffic signals at 40th Avenue Northeast and Penny Drive, but determined that it would degrade traffic operations on that roadway segment. Consequently, Children's did not agree to the CAC's recommendations.

Parking

97. The FEIS shows that peak parking demand under the MIMP at build out would be approximately 3,400 vehicles, but reduced to 3,190 vehicles with proposed TDM programs and 2,940 with both TDM programs and Transit Shuttles. SMC 23.54.016 requires Children's to supply 2,300 to 3,100 parking spaces, either on site or within off-site parking lots. Under this code section, additional spaces may be provided if the major institution is meeting its TMP goal. Children's originally proposed to supply 3,100 parking spaces on site, including Hartmann, and 500 leased off-site spaces as needed to mitigate future transportation impacts. This would be an increase of 1,418 spaces over existing provided parking. No specific provisions were provided in Children’s Settlement Agreement concerning the potential location of the 225 parking spaces that were planned for Hartmann.

Mitigation Strategy and Unmitigated Impacts

98. Children's proposed transportation mitigation strategy, including phasing, is discussed at pages 3.10-56 to 3.10-67 of the FEIS and in Appendix D, and is summarized by the Director as follows:

(1) Children’s design and facilities, including campus design, near-site improvements, and off-site parking. Campus improvements include development of a shuttle hub (perhaps combined with transit), additional bicycle parking and shower and locker facilities, a relocated “front door” for the hospital at 40th Ave Northeast, clear pedestrian flow paths from adjacent neighborhoods and through campus, and a redesign of Penny Drive to provide designed spaces for pedestrians and bicycles, as well as automobiles. Near-site improvements would consist of reconfiguring the Sand Point Way Northeast/40th Avenue Northeast intersection in conjunction with Seattle Department of Transportation (SDOT) to enhance pedestrian crossings, modifying the Sand Point Way Northeast/Penny Drive intersection, and restriping Northeast 45th St to accommodate a left-turn lane for eastbound-to-northbound turns. Wayfinding and design of near-site pedestrian and bicycle facilities would be improved, and connectivity between the hospital and the Burke-Gilman Trail would be enhanced through improved wayfinding and intersection enhancements. Children’s also will continue to pursue new off-site and out-of-area remote parking facilities, which Children’s would connect to the hospital campus with shuttle service.

(2) Children’s Enhanced Transportation Management Program. To achieve a maximum 30% single-occupant vehicle goal, Children’s would expand its existing transit shuttle program, to identify effective shuttle connections from downtown, the University District, and future light rail stations; add new trip reduction services and programs; and modify its parking management policies, including raising the cost of both on-campus single-occupant vehicle parking and commuter bonus awards.

(3) Contributions to area transportation facilities. This encompasses three general strategies:

- (a) a contribution of \$500,000 to construct Intelligent Transportation System improvements from Montlake Boulevard/Northeast 45th Street and Sand Point Way Northeast/Northeast 50th Street;
- (b) a proportional share of Northeast Seattle transportation improvements identified in certain City documents (the University Area Transportation Action Strategy, the Sand Point Way Northeast Pedestrian Study, and the City of Seattle Bicycle Master Plan), amounting to approximately \$1,400,000;
- (c) a \$2,000,000 contribution to cover unfunded pedestrian and bicycle improvements in Northeast Seattle, including priority projects from the Bicycle Master Plan, connections from Children’s to the broader bicycle/pedestrian network, and possibly bicycle boulevards.

(4) Proportional share of installation of traffic signals at 40th Avenue Northeast/Northeast 55th Street and 40th Avenue Northeast/Northeast 65th Street. These intersections will be monitored by Seattle Department of Transportation over the life of the Master Plan to determine the timing of the mitigation implementation.

99. The FEIS shows that traffic generated by Children’s will contribute to congestion and the deterioration of traffic conditions in the area. The proposed mitigation package would likely reduce impacts to traffic operations across the Montlake Boulevard and Northeast 45th Street corridors. The FEIS stated that “it is anticipated that a 40 to 60 percent improvement could be achieved as a result of this mitigation”. Exhibit 6 at 3.10-67 to 3.10-68.

Construction

100. The Director has recommended several conditions to mitigate construction impacts of the proposed MIMP. The CAC has recommended an additional condition to mitigate impacts specific to construction on the Hartmann site, and Children’s has agreed to the CAC’s recommended condition. *See* Exhibit 26. Slide 28. However, potential conditions related to Hartmann are no longer applicable because this MIMP does not regulate development at the Hartmann site because it is outside of the MIO boundary.

Housing demolition and replacement

101. Major Institutions may not expand their boundaries if the expansion would result in demolition of housing “unless comparable replacement is proposed to maintain the housing stock of the city.” SMC 23.34.124.B.7.

102. Children’s proposes to expand its existing MIO boundaries into Laurelon and to demolish the 136 condominium housing units on that site.

103. Children’s has agreed to purchase the Laurelon property for 2.55 times its fair market value, approximately \$93,000,000, if Children’s MIMP and boundary expansion are approved.

104. Rather than constructing replacement housing, Children’s proposes to pay the City \$5,000,000 in fulfillment of the housing replacement requirement. The City’s Office of Housing believes that such a payment would satisfy the requirements of SMC 23.34.124 .B.7, and entered into a Memorandum of Agreement (MOA) to that effect, subject to approval by the City Council. Exhibit R-6. Children’s agreed that its proposed payment could be used to construct replacement housing that would be subject to City rent controls.

105. Under the terms of the proposed MOA, Children’s payment would be combined with other funding sources to construct replacement housing, and Children’s would receive full credit for fulfillment of the housing replacement requirement even though much of the replacement cost would be paid by other private or public fund sources.

106. The cost to construct 136 replacement housing units comparable to those to be demolished by Children’s is estimated to be \$31,218,136 based upon July, 2009 construction costs. Exhibit R-12.

Height District Rezone

107. The Director’s Report addresses the required rezone in detail relative to the requirements of SMC 23.34.124 on designation of MIO’s and SMC 23.34.008, the general rezone criteria. Exhibit 9 at 45-62.

108. Rezones are required for the areas identified in MIMP Figure 1 (Exhibit 4 at 12) as Laurelon, and for increased height districts on portions of the existing campus.

109. Laurelon is presently zoned L3 for low-density residential development. Laurelon was developed as a one-and two-story, garden-style apartment complex in the 1940s. Laurelon was converted to Condominiums in 1979.

110. The most recent Children’s master plan and rezones were approved in 1994, and added 262,630 square feet, for a total allowed development area of 900,000 square feet. The FAR was increased from .5 to .9.

111. Children’s existing height districts are shown in Exhibit 4, Figure 45 at 63. MIO heights are MIO 37 on the north, increasing to MIO 70 (conditioned to 64) and MIO 90 (conditioned to 74) toward the center of the campus, and decreasing to MIO 50 and MIO 37 on the south. Children’s MIMP included proposed height districts, as modified by accepted CAC recommendations, and are shown in Exhibit 93. The proposed MIMP increases heights to MIO 65 on the northeast and MIO 90, MIO 160/140 and MIO 160/125 on approximately the west one-third of the center of the expanded campus, and adds MIO 50 and MIO 37 on the south part of the expanded campus. The extent of the proposed MIO 37 foot and MIO 50 foot height limits were modified in the Settlement Agreement. The MIO 37 foot height limit would be a continuous depth of 75 feet from Northeast 45th Avenue, to correspond to the continuous 75 foot setback from Northeast 45th. As a result of the proposal in the Settlement Agreement to eliminate Hartmann from the MIO, no change in zoning at Hartmann is required.

112. The Director advises that the MIO rezones as originally proposed are consistent with the zoning principle that requires minimization of the impact of more intensive zones on less intensive zones through use of transitions or buffers, if possible, (SMC 23.34.008.E.1); that with recommended conditioning, the height limits of the district boundaries are compatible with heights in adjacent areas (SMC 23.34.124.C.2); and that transitional height limits have been provided where the maximum permitted height within the MIO is significantly higher than permitted heights in adjoining areas (SMC 23.34.124.C.3).

113. The Director also advises that the rezone is consistent with the zoning principle which provides that, in general, height limits greater than 40 feet should be limited to urban villages, and that height limits greater than 40 feet may be considered outside urban villages if the limits would be consistent with an adopted neighborhood plan, a major institution’s adopted master plan, or the existing built character of the area (SMC 23.34.008 E.4).

Conclusions

Need and Public Benefit

1. There is no question raised concerning the public benefits that Children's provides and will provide in the future. The record includes a substantial amount of information about Children’s exceptional work.
2. Although SEPA allows an applicant broad latitude in defining its own development objective, SMC 25.05.440.D, of the Major Institution Code requires more when it comes to “need”. To assure that the Master Plan balances the projected needs of the Major Institution with the need to minimize impacts on surrounding neighborhoods, as required by SMC 23.69.025, it is necessary to know with some degree of accuracy what the Major Institution's needs actually are.
3. Testimony by Children's and LCC's healthcare planning experts was provided during the appeal hearing. However, because of illness, LCC's expert on healthcare planning was not subject to cross examination. There is evidence in the record showing that, in calculating bed need, LCC's expert incorrectly excluded patients ages 15 and over from the first step of the state methodology used for calculating need, and used a "midnight occupancy level" for Children's that assumed any available bed could be used for any patient. In fact, Children's 230 acute-care beds are located in several discrete specialty units and are generally not interchangeable. These errors resulted in a report from LCC’s expert that understated total bed need. The report is also inconsistent with Children's current experience.
4. The evidence in the record shows that the Certificate of Need process requires, among other things, that an applicant demonstrate that it has control of a site proposed for expansion; document that the proposed site may be used for the intended project and is properly zoned; provide a project timeline; and begin the project within two years of receiving a Certificate of Need. Consequently, it appears that an approved MIMP is necessary before Children's can successfully apply for a Certificate of Need.
5. Children's has shown a projected statewide need for specialized pediatric care over the next 20 years sufficient to support the development area being requested in the proposed MIMP.
6. The CAC’s recommended condition, that approval of Master Use Permits for the various phases of development be contingent on a demonstration of need by Children's, and restricting use of space within the MIO primarily to those providing pediatric medical care or directly related services, is appropriate and should be included as a condition if the MIMP is approved.

Boundary Expansion

7. The Code strongly discourages expansion of MIO boundaries, and calls for MIOs to include contiguous areas that are as compact as possible within the constraints of existing development and property ownership. However, the Code also stresses the need to protect the livability and vitality of adjacent neighborhoods. As suggested in the Director’s Report, the likely intent of Code provisions discouraging boundary expansion is to protect established residential neighborhoods from unrestrained major institution expansion. In this case, nearby residential neighborhoods are better protected by expansion of the MIO boundary to include the Laurelon site than they would be by requiring Children’s to accommodate the entire projected need within existing boundaries.

8. Children’s enhanced TMP, including connections to the Burke Gilman Trail on the Hartmann site, and transit and shuttle improvements on both sides of Sand Point Way, was developed to provide partial mitigation for the significant adverse transportation impacts associated with each of the alternatives studied, including the non-Hartmann Alternative 8.

9. The CAC’s recommended conditions to reduce the bulk and scale and other impacts on neighboring properties are appropriate and should be included as a condition of approval. The mitigation of these impacts is achieved through additional property line and upper level structure setbacks and the approval by DPD of site specific design guidelines.

Intensity

10. The increase in lot coverage from the 35% coverage allowed in the underlying single-family zone to 51%, an amount similar to the 45%-50% coverage allowed in the underlying L3 zone at Laurelon, will increase the intensity of development on the Children’s campus but not to an unreasonable extent. No change in lot coverage was included in the Settlement Agreement.

11. The Settlement Agreement proposes a reduction from 2.4 million square feet to 2.125 million gross square feet of development area, or a reduction of 275,000 square feet. The reduced square feet are associated with the exclusion of the 150,000 square feet of development proposed for Hartmann as well as an additional 125,000 square feet deducted from the remaining area of MIO. Rooftop mechanical equipment and all above and below ground parking areas are excluded from the calculation of gross square feet of development.

12. Exclusions from FAR calculations under the Code depend upon the zone in which a proposal is located. Since FAR does not apply to single-family or Lowrise zones, which is the underlying zoning within the MIO, there are currently no prescribed FAR limits or exclusions governing this application, as stated in the Director’s interpretation.

13. Children’s has agreed that a FAR of 1.9 is sufficient to meet its development needs. No change in FAR was included in the Settlement Agreement. As no provisions were made concerning the method of calculation of FAR, SMC 23.86.007 as now or hereafter amended shall be used when determining FAR.

Development Standards and Transitions

14. The Examiner recommended that MIO heights be measured from existing or finished grade, whichever is lower, in accordance with SMC 23.86.006, as now or amended.

15. All property line setbacks proposed in the MIMP meet or exceed the setbacks required in the underlying zones. In addition, the proposed upper level setbacks are designed to mitigate the impacts of additional height bulk and scale resulting from the MIMP. These measures, along with the proposed landscaping, height restrictions and open space plan, provide adequate mitigation of height bulk and scale impacts on surrounding properties.

16. The setback on the east boundaries, together with moving the greatest mass of development to the west side of the campus and stepping it down the hillside, will provide a sufficient buffer for the single-family neighborhood to the east.

Transportation, Access and Parking

17. The issue of whether the forecast for PM peak hour background trips included in the traffic model was sufficient to cover traffic generated by known “pipeline projects” is a SEPA issue and was addressed briefly in the decision in MUP-08-035(W). To summarize, the record shows that the background traffic forecast was sufficient to cover known “pipeline projects”. Further, Master Use Permit applications and additional environmental review would be required for each project within Children’s proposed MIMP. Additional mitigation could be required if it were shown that a shortfall in forecast traffic growth will likely lead to unanticipated transportation impacts.

18. Although approval of the MIMP is expected to result in significant adverse impacts on traffic, the FEIS shows that a 40 percent and 60 percent improvement in travel time could be achieved as a result of the proposed mitigation package, relative to impacts without such mitigation.

19. Although there is significant concern by some neighborhood groups about congestion on 40th Avenue Northeast, the evidence in the record shows that the two access points proposed for this street will operate at LOS C or better, and that moving one of the access points to Sand Point Way Northeast would degrade traffic operations on that arterial. The CAC’s suggestion to limit access from 40th Avenue Northeast to one entrance should not be included as a condition of approval.

20. The transportation impacts of the overlap between the state’s schedule for construction on the west side of the SR 520 project and build out of the first two phases

of Children's proposed MIMP must be considered and appropriate mitigation imposed. However, the analysis would be more accurate, and the mitigation more effective, if current information available during the Master Use Permit process for each development project were used.

Housing

21. SMC 23.24.127 (B) (7) contemplates that a major institution may satisfy the housing replacement obligation by financing and constructing the replacement housing itself, and therefore Children’s is entitled to do that if it chooses to do so. However as a matter of policy the Council will allow Children’s to pay the City to facilitate the provision of replacement housing, as further described in Conclusions 22-24.

22. If Children’s elects to pay the City to facilitate the provision of the replacement housing, then Children’s shall pay the City 35% of the estimated cost of the replacement housing. Based upon a 2009 estimated replacement cost of \$31.2 million (Exhibit R-12), Children’s payment to the City would be \$10,920,000.

23. If Children’s prefers to have the 35% figure determined on the basis of the estimated replacement cost at the time it proceeds with development, then it may ask DPD and the Office of Housing to determine that cost at that time. To assist DPD and the Office of Housing to make that determination, Children’s must submit at least two development pro formas that describe the estimated replacement cost. The determination by DPD and the Office of Housing of the estimated replacement cost is final and not subject to appeal.

24. If Children’s elects to pay the City to facilitate the provision of replacement housing, the City may use Children’s payment to construct housing that is affordable. If Children’s elects to build the housing itself, it may build affordable housing, but is not required to do so.

Height District Rezone

25. The Laurelon expansion area is across the street from a well-established single-family zone to the south and a limited area of multifamily residences in an L3 zone across 40th Ave Northeast. The impact of rezoning Laurelon to MIO 160, conditioned to heights of 140 feet and 125 feet (MIO 160/140 and MIO 160/125), and the anticipated corresponding development allowed under the MIMP, can be minimized by the use of proposed transitions in height, upper level setbacks, the proposed property line setbacks and the use of design guidelines that have been included in the MIMP and recommended to be further amended by DPD. With these measures, in light of the overall approach in this MIMP and the limited number of properties directly affected by the proposed expansion, the mitigation of the rezone impacts is appropriate. However, the mitigating measures required here are based on a review of the proposed impacts outlined in this MIMP and the related Final EIS. It should not be concluded that this solution is appropriate in any other circumstance where a MIO seeks an expansion and the expansion area is across a right of way from a residential zone.

Balancing

26. SMC 23.69.025 states that ‘the intent of the Major Institution Master Plan shall be to balance the needs of the Major Institutions to develop facilities for the provision of health care or educational services with the need to minimize the impact of Major Institution development on surrounding neighborhoods.

27. Council reviewed the proposed MIMP, revised MIMP, Final EIS and revised Final EIS, the Hearing Examiner’s record, and considered oral argument and submittals from appellants, including the Settlement Agreement. It is Council’s conclusion that the MIMP embodies an appropriate balance between Children’s need for long-term growth and the need to lessen the impact of that growth on the surrounding community, and should therefore be approved. Mitigation measures are found in Children’s significant commitments that include **1)** reducing and managing the transportation impacts by employees and patients while improving the transportation infrastructure at or near its campus; **2)** creating a development plan that lessens the impacts of new buildings through significant setbacks, the siting of new buildings and limitations on lot coverage; **3)** limiting the massing and location of new buildings to lessen their visual impacts on surrounding properties; **4)** providing a comprehensive open space network to provide relief from bulk and scale of development while providing passive recreation opportunities for the campus; and **5)** a commitment to landscaping that enhances the campus while shielding it from neighboring properties.

28. The City’s Land Use Code (SMC Title 23) and substantive SEPA policies (SMC 25.05) authorize reference to the City’s Comprehensive Plan as a basis for review of a proposed MIMP only with respect to specific Comprehensive Plan policies identified in those ordinances, neither of which include policies related to the “urban village” strategy described in that Plan. Therefore the Council lacks authority to consider those policies as a basis for its decision whether to approve the proposed MIMP.

29. The Council has reviewed the record of public participation that includes the role of the Citizen’s Advisory Committee and the process that allowed the general public to comment from the plan’s initial inception up through and including the Hearing Examiner’s hearings on the final MIMP and final EIS. Council concludes that this process was fair, thorough, thoughtful, deliberative and designed to provide a balance between the stated plans detailed by Children’s in their MIMP and the concerns expressed by members of the community.

30. The Council takes notice of the February 3, 2010 Settlement Agreement that was provided to the Council as part of the oral argument heard by Council on February 10, 2010. The Council appreciates that Children’s and the LCC have concluded an agreement concerning the scope of physical development in keeping with the intent of the balancing section in SMC 23.69.025.

DECISION

The Council hereby **approves** the MIMP for Seattle Children’s Hospital, Clerk’s File 308884, subject to the following MIMP and SEPA conditions:

MIMP CONDITIONS

As a requirement for approval of the Children’s MIMP, Children’s shall comply with the following conditions:

1. Total development on the existing and expanded campus shall not exceed 2,125,000 gross square feet, excluding above and below grade parking and rooftop mechanical equipment.
2. The Floor Area Ratio (FAR) for the expanded campus shall not exceed 1.9, excluding below grade developable floor area, below-grade parking structures and rooftop mechanical equipment.
3. No more than 20% of the land area within the MIO, approximately 264,338 square feet, may include structures that exceed 90 feet in height. No more than 10% of the land area within the MIO, approximately 142,596 square feet, may include structures that exceed 125 feet in height. No structure in the MIO shall exceed 140 feet in height, excluding rooftop mechanical equipment.
4. MIO heights shall be measured in accordance with SMC 23.86.006 as now or hereafter amended.
5. Children’s shall amend Section IV.D.1 of the Master Plan to add upper level setbacks 80 feet deep, applied to portions of buildings higher than 50 feet, along the western edge of the expanded campus on 40th Avenue Northeast from Sand Point Way Northeast south to Northeast 45th Street, and 30 feet deep on Sand Point Way from 40th Avenue Northeast to Penny Drive.
6. Children’s shall amend Section IV.D.1 and Master Plan Figure 50, “Proposed Structure Setbacks,” to increase the south setback to 75 feet along the entire Northeast 45th Street boundary.
7. Children’s shall amend Section IV.C.1 of the Master Plan to expressly prohibit above-ground development within the setback areas, as shown on revised Figure 50, except as otherwise allowed in the underlying zone.
8. The Hartmann site as originally proposed in the MIMP is not included within the MIO boundary and is not subject to this MIMP.

9. A minimum of 41% (being 507,000 square feet) of the combined total area of the expanded campus shall be maintained as open space. In addition:

- a. Open Space should be provided in locations at ground level or, where feasible, in other spaces that are accessible to the general public. No more than 20% (being 101,000 square feet) of the designated 41% open space, shall be provided in roof top open spaces;
- b. Open Space areas shall include existing and proposed ground level setback areas identified in the Master Plan, to the extent that they meet the criteria in the proposed Design Guidelines;
- c. The location of open space, landscaping and screening as shown on Figure 42 of the Master Plan may be modified as long as the 41% figure is maintained;
- d. To ensure that the 41% open space standard is implemented with the Master Plan, each planned or potential project should identify an area that qualifies as Open Space as defined in this Master Plan;
- e. Open Space that is specifically designed for uses other than landscaped buffers or building setback areas, such as plazas, patios or other similar functions, should include improvements to ensure that the space contains Usable Open Space as defined under SMC 23.84A.028; and
- f. Open space shall be designed to be barrier-free to the fullest extent possible.

10. For the life of the Master Plan, Children’s should maintain open space connections as shown on Figure 56 of the Final Master Plan, or similar connections constituting approximately the number and location of access points as shown in the Master Plan. During the review of all future buildings, Children’s should evaluate that building’s effect upon maintaining these connections. If Children’s proposes to change the open space connections from surrounding streets from that shown on Figure 56, it shall first provide notice to DPD and DON, and formally review the proposed changes with the SAC.

11. The City’s tree protection ordinance, SMC 25.11, applies to development authorized by this MIMP. In addition, to the extent feasible, any trees that exceed 6 caliper inches in width measured three feet above the ground and that are located within the Laurelon expansion area shall be used on Children’s campus.

12. Children’s shall amend Section V.D, “Parking” on page 104 of the Final Master Plan to add the following at the end of that subsection: “As discussed in the TMP, the forecasted parking supply including the potential leasing of off-site spaces, exceeds the maximum allowed under the Land Use Code. Therefore, if Children’s continues to meet its Transportation Master Plan goals, the Master Plan authorizes parking in excess of the Code maximum to minimize adverse parking impacts in the adjacent neighborhood.”

13. Children's shall amend Table 3 "Development Standard Comparisons" in the Master Plan to be consistent with all modifications to development standards made by this decision.

14. Prior to the submittal of the first Master Use Permit application for Phase 1, Children’s must draft a more comprehensive set of Design Guidelines for planned and potential structures, to be reviewed by the Seattle Design Commission and approved by DPD. The Design Guidelines are not a part of this approved MIMP, but shall be an appendix to the Master Plan, and shall address issues of architectural concept, pedestrian scale, blank wall treatment, tower sculpting, nighttime lighting, and open space and landscaping, among others.

15. Children's shall create and maintain a Standing Advisory Committee (SAC) to review and comment on all proposed and potential projects prior to submission of their respective Master Use Permit applications. The SAC shall use the Design Guidelines for their evaluation.

16. Prior to issuance of any MUP for any project under Phases 2, 3 and 4 of the Master Plan, Children's shall provide documentation to the Director and the SAC clearly demonstrating that the additional construction requested is needed for patient care and directly related supporting uses by Children's, including administrative support.

17. The TMP will be governed consistent with Director’s Rule 19-2008, or any successor rules. In addition, Children’s shall achieve a 30% SOV goal at full build out of the MIMP. The 30% SOV goal shall be achieved in increments, as Children’s moves from its current 38% SOV mode split to the 30% goal at build out of the MIMP.

18. No portion of any building on Children’s extended campus shall be rented or leased to third parties except those who are providing pediatric medical care, or directly related supporting uses, within the entire rented or leased space. Exceptions may be allowed by the Director for commercial uses that are located at the pedestrian street level along Sand Point Way Northeast, or within campus buildings where commercial/retail services that serve the broader public are warranted.

19. Before Children’s may receive a temporary or permanent Certificate of Occupancy for any structure that is included in any phase of proposed development described on page 66 of the MIMP, DPD must find that Children’s has performed either of the following options:

- a. That Children’s has submitted an application for a MUP for the construction of comparable housing, as defined below, in replacement of the housing demolished at Laurelon Terrace. In the event that Children’s will construct more than one housing project to fulfill the housing replacement requirement, then Children’s must have applied for a MUP for the first housing replacement project, which shall include no fewer than 68 housing units. A MUP application must be submitted for all of the remaining replacement units before a temporary or permanent certificate of occupancy may be issued for any project authorized in Phases 2-4 of the MIMP. The MUP application(s) for the replacement housing project(s) may not include projects that were the subject of a MUP application submitted to DPD before Council approval of the MIMP. Children’s may seek City funds to help finance the replacement housing required by this condition, but may not receive credit in fulfillment of the housing replacement requirement for that portion of the housing replacement cost that is financed by City funds. City funds include housing levy funds, general funds or funds received under any housing bonus provision.
- b. That Children’s has either 1) paid the City of Seattle \$10,920,000 to help fund the construction of comparable replacement housing or 2) paid the City of Seattle 35% of the estimated cost of constructing the comparable replacement housing, as determined by DPD and the Office of Housing. In determining the estimated cost, DPD and the Office of Housing shall consider at least two development pro-forma, prepared by individual(s) with demonstrated expertise in real estate financing or development, and submitted by Children’s. DPD and the Office of Housing’s determination of the estimated cost is final and not subject to appeal. Money paid to the City under this option b shall be used to finance the construction of comparable replacement housing, as defined below, and subject to the provisions of the City’s Consolidated Plan for Housing and Community Development and the City’s Housing Levy Administrative and Financial Plan in existence at the time the City helps finance the replacement housing.

For purposes of this condition 19, the comparable replacement housing must meet the following requirements:

- 1) Provide a minimum of 136 housing units;
- 2) Provide no fewer than the number of 2 and 3 bedroom units as those in the Laurelon Terrace development;
- 3) Contain no less than 106,538 gross square feet;
- 4) The general quality of construction shall be of equal or greater quality than the units in the Laurelon Terrace development; and
- 5) The replacement housing will be located within Northeast Seattle. Northeast Seattle is bounded by Interstate 5 to the west, State Highway 520 to the south, Lake Washington to the east, and the City boundary to the north.

20. Children’s shall develop a Construction Management Plan (CMP) for review and comment by the SAC prior to the approval of any planned or potential project discussed in the Master Plan. The CMP must be updated at the time of site-specific SEPA review for each planned or potential project identified in the MIMP. The CMP shall be designed to mitigate impacts of all planned and potential projects and shall include mitigating measures to address the following:

- a. Construction impacts due to noise
- b. Mitigation of traffic, transportation and parking impacts on arterials and surrounding neighborhoods
- c. Mitigation of impacts on the pedestrian network
- d. Mitigation of impacts if more than one of the projects outlined in the Master Plan are under concurrent construction

21. Prior to the issuance of a Certificate of Occupancy for any project associated with development of Phase 1 of the MIMP, the proposed traffic signal at 40th Avenue Northeast and Sand Point Way NE shall be installed and functioning.

SEPA CONDITIONS

Geology

22. To minimize the possibility of tracking soil from the site, Children’s shall ensure that its contractors wash the wheels and undercarriage of trucks and other vehicles leaving the site and control the sediment-laden wash water using erosion control methods prescribed as City of Seattle and King County best management practices for construction projects. Such practices include the use of sediment traps, check dams, stabilized entrances to the construction site, erosion control fabric fences and barriers, and other strategies to control and contain sediment.

23. Children’s shall ensure that its contractors cover the soils loaded into the trucks with tarps or other materials to prevent spillage onto the streets and transport by wind.

24. Children’s shall ensure that its contractors use tarps to cover temporary on-site storage piles.

Air Quality

25. Prior to demolition of the existing housing units at Laurelon Terrace, Children’s shall perform an asbestos and lead survey and develop an abatement plan to prevent the releases into the atmosphere and to protect worker safety.

26. During construction, Children’s shall ensure that its contractors spray exposed soils and debris with water or other dust suppressants to reduce dust. Children’s shall monitor truck loads and routes to minimize impacts.

27. Children’s shall stabilize all off-road traffic, parking areas, and haul routes, and it shall direct construction traffic over established haul routes.

28. Children’s shall schedule delivery of materials transported by truck to and from the project area to minimize congestion during peak travel times on adjacent City streets. This will minimize secondary air quality impacts otherwise caused by traffic having to travel at reduced speeds.

29. Children’s shall ensure that its contractors cover any exposed slopes/dirt with sheets of plastic.

30. Around relevant construction areas, Children’s shall install perimeter railings with mesh partitioning to prevent movement of debris during helicopter landings.

Noise

31. Construction will occur primarily during non-holiday weekdays between 7:00 am and 6:00 pm, or as modified by a Construction Noise Management Plan, approved by DPD as part of a project-specific environmental review.

32. Children’s will inform nearby residents of upcoming construction activities that could be potentially loud. Children’s shall schedule particularly noisy construction activities to avoid neighborhood conflicts whenever possible.

33. Impact pile driving shall be avoided. Drilled piles or the use of a sonic vibratory pile driver are quieter alternatives.

34. Buildings on the extended campus are to be designed in such a way that noise received in the surrounding community is no greater than existing noise based on a pre-test of ambient noise levels and subsequent annual noise monitoring to be conducted by Children's.

Transportation

35. Consistent with the Transportation Management Plan (TMP), onsite improvements shall include: a shuttle hub; an enhanced campus pathway to connect to transit along Sand Point Way Northeast and/or 40th Ave Northeast; and bicycle parking.

36. Consistent with the TMP, near-site improvements will include: working with Seattle Department of Transportation and Washington State Department of Transportation (WSDOT) to improve intersections such as Penny Drive/Sand Point Way Northeast and 40th Ave Northeast/Sand Point Way Northeast; improve connectivity between the Burke-Gilman Trail and Children’s; enhance the Sand Point Way Northeast street frontage.

37. Consistent with the TMP, and as necessary to reduce future transportation impacts, Children’s may provide off-site parking that reduces the level of required parking on site and reduces traffic on Northeast 45th St, Sand Point Way Northeast and Montlake Blvd/SR 520 interchange area.

38. Children’s shall enhance its TMP to achieve a 30% single occupancy vehicle (SOV) mode split goal or lower.

39. Prior to the issuance of any construction permits for any project outlined in Phase 1 of the MIMP, Children’s shall pay the City of Seattle its fair share to the future installation of traffic signals at 40th Ave Northeast/Northeast 55th St. Prior to the issuance of any construction permits for any project outlined in Phase 2 of the MIMP, Children’s shall pay the City of Seattle its fair share, based on the to the future installation of traffic signals at 40th Ave Northeast/Northeast 65th St. These intersections shall be monitored by the Seattle Department of Transportation over the life of the Master Plan to determine the timing of the mitigation implementation.

40. Prior to the issuance of any construction permits for any project outlined in Phase 1 of the MIMP, Children’s shall pay the City of Seattle \$500,000 to build Intelligent Transportation System improvements through the corridor from Montlake Blvd/Northeast 45th St to Sand Point Way Northeast/Northeast 50th St. The contribution shall be used to fund all or part of the following projects:

- a. Install a detection system that measures congestion along southbound Montlake Boulevard, linked to smart traffic control devices that adapt to traffic conditions;
- b. Install variable message signs to give real-time traffic information for drivers, including travel time estimates, updates of collisions and other traffic conditions, and to implement variable speed limits throughout the day to keep traffic flowing as smoothly as possible;
- c. Optimize signal coordination and timing to move vehicles most efficiently and optimize signal performance;
- d. Upgrade signal controllers as needed to allow signals to be interconnected, and/or
- e. Install traffic cameras as identified by the City of Seattle

41. Children’s shall pay the Seattle Department of Transportation (SDOT) a pro rata share of the Northeast Seattle Transportation improvement projects identified from the University Area Transportation Action Strategy, the Sand Point Way Northeast Pedestrian Study, and the City of Seattle Bicycle Master Plan. This amount is estimated at approximately \$1,400,000 or approximately \$3,955 per bed, over the life of the MIMP. (adjusted for inflation as beds come online). Each pro-rata share payment shall be made prior to the issuance of any construction permits for the first project constructed under each phase of the MIMP. The total payment of \$1,400,000 shall be completed by the issuance of any construction permit for a project outlined in Phase 4 of the MIMP.

42. Children’s shall pay the Seattle Department of Transportation (SDOT) a total of \$2,000,000 for pedestrian and bicycle improvements in Northeast Seattle over the timeframe of the Master Plan development. A pro-rata share payment shall be made prior to the issuance of any construction permits for the first project constructed under each phase of the MIMP. The total payment of \$2,000,000 shall be completed by the issuance of any construction permit for a project outlined in Phase 4 of the MIMP.

PARTIES OF RECORD – CHILDREN’S HOSPITAL MIMP APPEALS

- 1. Seattle Displacement Coalition/Interfaith Taskforce on Homelessness.**
 - John V Fox, Seattle Displacement Coalition, 4554 – 12th Ave NE, Seattle, WA 98105
 - Bill Kirlin-Hackett, Interfaith Task Force on Homelessness, 3030 Bellevue Way NE, Bellevue, WA 98004
- 2. Coalition of Major Institutions**
 - Thomas Walsh and Judy Runstad, Foster Pepper Law Firm, 1111 Third Ave, Suite 3400, Seattle, WA 98101
- 3. Catherine Hennings – Member of Children’s Hospital Citizen Advisory Committee and resident of Laurelhurst Neighborhood**
 - Catherine J Hennings, 3638 – 49th Ave NE, Seattle, WA 98105
- 4. Steve Ross – Chair, Friends of Children’s Hospital and resident of Laurelhurst Neighborhood**
 - Steve Ross, 3625 – 47th Ave NE, Seattle, WA 98105
- 5. Hawthorne Hills Community Council**
 - Bonnie Miller, Chair of Land Use Committee, 6057 Ann Arbor Ave NE, Seattle, WA 98115-7618
- 6. Seattle Community Council Federation**
 - Rick Barrett, Vice President, 1711 N 122nd Street, Seattle, WA 98133
- 7. Seattle Children’s Hospital**
 - John E. Keegan, Davis Wright Tremaine, 1201 Third Avenue, Suite 2200, Seattle, WA 98101
- 8. City of Seattle, Department of Planning and Development**
 - Judith Barbour, Assistant City Attorney, Seattle City Attorney’s Office, 600 Fourth Avenue, 4th Floor, P.O. Box 94769, Seattle, WA 98124-4769
- 9. Laurelhurst Community Club**
 - Peter J. Eglick and Jane S. Kiker, Eglick Kiker Whited, 1000 Second Avenue, Suite 3130, Seattle, WA 98104
- 10. Dixie and Steve Wilson**
 - Peter Buck, The Buck Law Group, 2030 First Avenue, Suite 201, Seattle, WA 98121
- 11. Laurelon Terrace**
 - Peter Buck, The Buck Law Group, 2030 First Avenue, Suite 201, Seattle, WA 98121